



DEPARTMENT OF THE TREASURY

Community Development Financial Institutions Fund

Notice of Information Collection and Request for Public Comment

ACTION: Notice and request for public comment.

SUMMARY: The U.S. Department of the Treasury, as part of a continuing effort to reduce paperwork and respondent burden, invites the general public and other Federal agencies to take this opportunity to comment on proposed and/or continuing information collections, as required by the Paperwork Reduction Act (PRA) of 1995, 44 U.S.C. 3506(c)(2)(A). Currently, the Community Development Financial Institutions Fund (CDFI Fund), Department of the Treasury, is soliciting comments concerning the Small Dollar Loan Program (SDL Program) Application (Application). The Application is an online form submitted through the CDFI Fund's Award Management Information System (AMIS).

DATES: Written comments must be received on or before December 3, 2021, to be assured of consideration.

ADDRESSES: Submit your comments via email to Tanya McInnis, Program Manager for the Depository Institutions Initiatives, CDFI Fund at sdlp@cdfi.treas.gov.

FOR FURTHER INFORMATION CONTACT: Tanya McInnis, SDL Program, Program Manager, CDFI Fund, U.S. Department of the Treasury, 1500 Pennsylvania Avenue NW, Washington D.C. 20220, (202) 653-0241 (not a toll-free number). Other information regarding the CDFI Fund and its programs may be obtained on the CDFI Fund website at <https://www.cdfifund.gov>. The SDL Program Application Template, which presents the questions that will comprise the online Application, may be obtained from the SDL Program page of the CDFI Fund website at <https://www.cdfifund.gov/sdlp>.

SUPPLEMENTARY INFORMATION:

Title: Small Dollar Loan Program Application

OMB Number: 1559-0051

Abstract: The Small Dollar Loan Program (SDL Program) is a new program, authorized by Title XII – Improving Access to Mainstream Financial Institutions Act of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Pub. L. 111-203), which amended The Community Development Banking and Financial Institutions Act of 1994 to include the Small Dollar Loan Program (12 U.S.C. 4719). Through the SDL Program, the CDFI Fund provides grants for loan loss reserves and technical assistance to enable award recipients to establish and maintain small dollar loan programs to address the issues of expanding consumer access to mainstream financial institutions and providing alternatives to high-cost small dollar loans. The SDL Program is also intended to enable award recipients to help unbanked and underbanked populations build credit, access affordable capital, and allow greater access into the mainstream financial system. Through the SDL Program, the CDFI Fund will provide:

Grants for Loan Loss Reserves (LLR): The awards will enable a Certified Community Development Financial Institution (CDFI) to establish a loan loss reserve fund in order to defray the costs of establishing or maintaining a small dollar loan program.

Grants for Technical Assistance (TA): The awards will support technology, staff support, and other eligible activities to enable a Certified CDFI to establish and maintain a small dollar loan program.

SDL Program Award Recipients are selected through a competitive process involving a careful review of their Application for program funding. The Application requires the submission of numeric data and narrative responses for two parts: Part 1: Business Strategy and Community Impact and Part 2: Organization Capacity, including Financial

Analysis and Compliance Risk Evaluation. The Award selection process is described in the Notice of Funds Availability (NOFA) for each funding round.

This request for public comment relates to the SDL Program Application Form under OMB control number 1559-0051. Capitalized terms not defined in this Notice (other than titles) have the meaning set forth in the fiscal year (FY) 2021 SDL Program NOFA.

Estimated Number of Respondents: 100 (Application)

Estimated Annual Time per Respondent: 68 hours (Application)

Estimated Annual Burden Hours: 5,493 hours (Application)

Request for Comments: Comments submitted in response to this Notice will be summarized and/or included in the request for Office of Management and Budget approval. All comments will become a matter of public record and may be published on the CDFI Fund website at <https://www.cdfifund.gov>.

The CDFI Fund is seeking input on the content of the Application with regard to the following: (a) Whether the collection of information as proposed is necessary for the proper performance of the functions of the agency, including whether the information shall have practical utility in evaluating Applications; (b) the accuracy of the agency's estimate of the burden of the collection of information; (c) ways to enhance the quality, utility and clarity of the information to be collected; (d) ways to minimize the burden of the collection of information on respondents, including through the use of technology; and (e) estimates of capital or start-up costs and costs of operation, maintenance and purchase of services required to provide information.

Additionally, the CDFI Fund specifically requests comments concerning the following questions:

1. What, if any, Application questions and tables are redundant or unnecessary?
2. What, if any, questions or tables should be added to ensure collection of relevant information?

3. Does the data and information requested in the Application allow an Applicant to adequately explain its business strategy, community impact and ability to meet the program objectives?

4. In the FY 2021 SDL Program Application, the CDFI Fund stated that LLR Awards may be made in amounts up to 20% of the Applicant's three- year projected total of Small Dollar Loans closed, not to exceed \$350,000. Is the 20% cap too high or too low? If so, please describe and justify.

5. The FY 2021 SDL Program Application states that the Awards will not be made to organizations that engage in the Prohibited Practices listed in the NOFA. Are the Prohibited Practices reasonable? Should any of the listed Prohibited Practices be modified or removed? Are there Prohibited Practices that should be added to the list? Please describe and justify your responses to these sub-questions.

6. The CDFI Fund will prioritize funding for Applications that propose to offer small dollar loan programs that include any of the following prioritized lending practices and characteristics: (i) offer small dollar loan terms that are at least ninety (90) days; (ii) use ability to repay underwriting that considers the borrower's ability to repay a loan based on both the borrower's income and expenses; (iii) make loan decisions within one business day (or twenty-four (24) hours) after receipt of required documents; (iv) offer a reduction in the borrower's loan rate if the borrower elects to use automatic debit payments; (v) offer automatic savings features that are built into the regularly-scheduled payments on a loan – provided that the resulting payment is still affordable – or, at a minimum, loans that can be structured so that, subject to the borrower's consent, payments continue for a period of time after the loan is repaid with all of the payments going into a savings vehicle; and (vi) offer access to financial education, including credit counseling. Are the prioritized lending practices and characteristics reasonable? Should any of the listed prioritized lending practices and characteristics be modified or removed?

Are there prioritized lending practices and characteristics that should be added to the list?

Please describe and justify your responses to these sub-questions.

7. Are any of the questions particularly burdensome or difficult to answer? If so, please be specific as to the type of CDFI (e.g., regulated, non-profit) that finds it difficult.

8. Are the character limitations for narrative responses appropriate? Should certain questions allow additional or fewer characters? If so, please specify.

9. Are there questions that lack clarity as to intent or purpose? If so, which questions, and what needs to be clarified in order for Applicants to provide a comprehensive response?

10. The Application includes questions about the intended impact of an Applicant's small dollar lending strategy. (a) How should the CDFI Fund assess the impact of SDL Program Awards on Low-Income Families and communities? (b) The CDFI Fund has identified a set of impacts for Applicants to choose in the Application (see FY 2021 SDL Program Application Question 7.c). Are the current impact choices sufficiently comprehensive? Are there impacts that should be added or modified?

11. The statute governing the SDL Program states that there are three eligible Applicant types. Per the Statute, Applicants can be either (a) a Certified CDFI that applies individually for an LLR Award *or* for a TA Award *or* for a combination of an LLR Award and TA Award; or (b) a Certified CDFI that applies as a partnership with a federally insured depository institution that has a primary mission to serve targeted Investment Areas (FIDI) for an LLR Award or (c) a Certified CDFI that applies as a partnership with two or more Certified CDFIs for a TA Award. The CDFI Fund has two questions related to these different Applicant types: (i) Are additional questions or revisions to existing questions needed in the Application to further clarify and differentiate the three eligible Applicant types? If so, please describe and justify. (ii) The Application currently asks Applicants that apply as a partnership with a FIDI for an LLR Award to submit an attestation form that is signed by the FIDI that the FIDI has a mission

to serve targeted Investment Areas. Should the CDFI Fund make revisions to the attestation form that the FIDI must sign? If yes, what are the revisions? Should the CDFI Fund request any other documentation that the FIDI must submit in order to demonstrate its primary mission to serve targeted Investment Areas? If so, please describe and justify.

12. In future funding rounds, new priorities may emerge, such as disaster response, an economic downturn, or new initiatives. How should the CDFI Fund address changing priorities on a round-by-round basis? What approaches would be preferred?

Authority: Pub. L. 110–289, 12 CFR 1807.

Jodie L. Harris

Director, Community Development Financial Institutions Fund

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